

**PORTLAND TOWNSHIP**

**Ionia County, Michigan**

**Financial Statements**

**And**

**Independent Auditor's Report**

**For the Year ended March 31, 2014**

**PORTLAND TOWNSHIP**

**P O Box 314**

**773 E Grand River Avenue, Portland, MI 48875**

**Phone: 517-647-6643**

**Population: 3,404**

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**TOWNSHIP BOARD:**

Supervisor.....	Chris Jensen
Clerk.....	Charlene Keilen
Treasurer.....	Leanne Simon
Trustee.....	Julius Platte
Trustee.....	Sue VanLente

# PORTLAND TOWNSHIP

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**LAWRENCE TIEJEMA, PC**  
**Certified Public Accountant**

21 N. Bridge Street  
PO Box 10  
Saranac, MI 48881

P 616-642-0384  
F 616-642-0610  
[tiej@sbcglobal.net](mailto:tiej@sbcglobal.net)

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**INDEPENDENT AUDITOR'S REPORT**

June 24, 2014

The Township Board  
Portland Township  
Ionia County, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Portland Township, Ionia County, Michigan, as of and for the year ended March 31, 2014, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Portland Township, as of March 31, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-10 and budgetary comparison information on pages 30-32 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2014, on our consideration of the Portland Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations and contracts, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Portland Township's internal control over financial reporting and compliance.

Larry Tiejema, CPA

Lawrence Tiejema, PC.

June 24, 2014

## **Management Discussion and Analysis**

The Township added to its financial reserves, secured a lower contribution rate for ambulance services, and continued to make plans to improve township roads during the year ended March 31, 2014.

### **Financial Highlights**

1. Revenues for Portland Township exceeded expenses by \$150,039 during the year ended March 31, 2014. This increased net assets to \$1,343,386, which is 3.79 times total expenses for the year just ended.
2. Revenue sharing and property taxes, which are the two largest income sources, increased by 1.6%. Revenue sharing increased from \$273,576 to \$279,119 while property taxes went up from \$193,675 to \$195,534.
3. The homeowners in the Chinook Special Assessment District continued to pay down the special assessment balance. During the year ended March 31, 2014, residents reduced the balance from \$27,987 to \$16,928 as two additional home owners paid off their balances.
4. Interest earnings continue to drop as interest rates fell on savings accounts and certificate of deposits. During the year just ended, the township earned \$7,532 of interest income compared to \$8,304 during the prior year.
5. Expenditures for road maintenance dropped significantly during the year just ended as no major road projects were undertaken. In the prior year, the township spent \$404,675 including Ionia Road improvements and the Plainview Subdivision project compared to a total of \$76,471 during the year just ended.
6. Portland Township's ambulance expenses dropped from \$41,188 in the prior year to \$23,828 in the year ended March 31, 2014, as the rate per person dropped and the ambulance provider changed its method of billing.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements comprise three components: (1) government-wide financial statements; (2) fund financial statements; and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business. The *statement of net position* presents information on all the Township's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating. The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. Township governments may have activities that are intended to recover all or a significant portion of their costs through user fees and charges. Portland Township has no such activities. All financial resources and expenditures are maintained in the township's general fund. The township also has a tax agency fund which collects real and personal property taxes and disburses these tax revenues to the appropriate governmental units including Portland Township's general fund. Through its general fund, Portland Township provides for general government, public safety, public works, community support, and planning and zoning. The government-wide financial statements can be found on pages 11 and 12 of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Portland Township has one fiduciary fund, the Tax Agency Fund. The basic fiduciary fund statements of the Tax Agency Fund can be found on page 17 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund statements. The notes to the financial statements can be found on pages 18-27 of this report.

## Portland Township's Net Position

	<b>Governmental Activities For the Year ended</b>	
	<u>12/31/2014</u>	<u>12/31/2013</u>
Current and other assets	\$ 1,330,080	\$ 1,177,453
Capital assets	17,405	20,559
Total assets	<u>1,347,485</u>	<u>1,198,012</u>
Long-term liabilities outstanding	-	-
Other liabilities	4,099	4,665
Total liabilities	<u>4,099</u>	<u>4,665</u>
Net position:		
Invested in capital assets, net of related debt	17,405	20,559
Restricted	-	-
Unrestricted	1,325,981	1,172,788
<b>Total net position</b>	<b><u>\$ 1,343,386</u></b>	<b><u>\$ 1,193,347</u></b>

During the year ended March 31, 2014, the assets of the Township increased by \$149,473 and the liabilities decreased by \$566 so that net assets increased by \$150,039.

Township assets are made up of 'current and other assets' and capital assets. Current and other assets, which consist of cash deposits, investments, receivables, and prepaid expenses, increased by \$152,627. Cash deposits and investments went up by \$162,651, prepaid expenses rose by \$153, and receivables dropped by \$10,177. Prepaid expenses are insurance and membership dues that have payment periods that last beyond the end of the fiscal year on March 31, 2014. The receivable for Chinook Special Assessment District decreased by \$11,059 as homeowners paid down their assessments. Receivables from fire runs and mobile home fees increased while the amount in delinquent taxes due from the County of Ionia dropped slightly.

The Township has two short-term liabilities. Services and products that were purchased in February and March that were paid in April 2014, or accounts payable, were \$1,098 at year-end. The other liability was \$3,001 in delinquent taxes owed to the Portland Library District.

Capital assets consist of road improvements, technology equipment, computer software, and the township's voting equipment. Capital assets decreased by \$3,154 as no new assets were purchased and depreciation expense was applied.



### **Portland Township Changes in Net Position**

	<b>Governmental Activities</b>	
	<b>For the Year ended</b>	
	<b>2013-14</b>	<b>2012-13</b>
Revenue:		
Program revenue:		
Charges for services	20,935	22,969
General revenue:		
Property taxes	195,534	193,675
Revenue sharing	279,119	273,576
Investment earnings	7,532	8,304
Other	1,530	1,952
Total revenue	504,650	500,476
Expenses:		
General government	114,981	114,124
Township board	13,367	14,469
Public safety	108,431	125,833
Public works	77,318	402,965
Community support	18,053	15,288
Planning and zoning	22,461	16,806
Total expenses	354,611	689,485
Increase (decrease) in net assets	150,039	(189,009)
Net assets - beginning of year	1,193,347	1,382,356
Net assets - end of year	<u>\$ 1,343,386</u>	<u>\$ 1,193,347</u>

Revenues increased by \$4,174 and expenses decreased by \$334,874 during the year just ended, resulting in a surplus of \$150,039 compared to a deficit of \$189,009 in the prior year.

Revenues increased for revenue sharing and property taxes while interest earnings, 'charges for services', and 'other income' dropped. The property tax increase reflects slightly higher valuations and the development of new properties. The revenue sharing increase came from increased township population and a general rise in the collection of state sales taxes. 'Charges for services' income results from vendors and residents that use township services including cable franchise fees, planning and zoning fees, reimbursements for fire runs, and road assessments. During the past year, fees for planning and zoning rose \$2,655, cable franchise fees increased \$4,743, and fire run reimbursements dropped \$1,065. In the previous year, residents of a subdivision paid \$8,938 for road improvements.

Expenses increased for general government, community support, and planning/zoning while expenses declined for township board, public safety, and public works. General government include the expenses of township officers, elections, assessing, board of review, and professional services. Community support are public benefit appropriations made to community groups that provide services to township residents.

The township continued its support of the Portland Area Service Group and Portland city recreation program at the same level while increasing expenditures by \$2,765 for recycling. The recycling service was provided for the full 2013-14 year and only provided for part of the previous year. Planning and zoning expenses increased by \$4,743 as more enforcement was necessary, and the zoning administrator's contract was renewed at a higher rate.

Public safety, which consists of fire and ambulance services and liquor fines and fees collected, dropped by \$17,402. Fire protection costs remained constant while ambulance expense dropped \$17,360 based on the new reimbursement rate connected to population.

Public Works, which is made up of road and drain maintenance, decreased by \$325,647. Road maintenance costs went down by \$326,204 while drain maintenance expense increased by \$558. During the prior year, the township participated in a major road project on Ionia Road at a cost of \$283,855 and paid one-third of the cost for resurfacing the Plainview subdivision road.

### **Portland Township Capital Assets**

	<b>Governmental Activities For the Year ended</b>	
	<b>12/31/2014</b>	<b>12/31/2013</b>
Election Equipment	\$ 3,080	\$ 4,425
Clerk's Equipment	75	222
Treasurer's Equipment	278	462
Assessing	-	680
Road Projects	13,972	14,770
Other Equipment	-	-
<b>TOTAL</b>	<b><u>\$ 17,405</u></b>	<b><u>20,559</u></b>

The capital assets of the township consist of election equipment, road improvements, and the technology equipment and software of the clerk and treasurer. The original cost of the assets in the capital asset schedule is \$43,049. The Chinook Lane repaving accounts for \$15,967 of the total, and election equipment that includes the voting tabular machines accounts for \$13,864. Most of the remaining capital items consist of computer equipment and software of the township clerk, treasurer, and assessor.

During the year ended March 31, 2014, the township did not purchase any additional capital assets for a cost of \$500 or more. The depreciation expense of \$3,154 accounted for the decrease in capital assets as shown above.

### **Budgetary Highlights**

Over the course of the year, it was appropriate for the Township to amend its budget to allow for changes in revenues and expenses. Budget amendments were made during the year ended March 31, 2014, to increase the budget for Zoning Administrator, Zoning Board of Appeals, and Recycling.

## **Past Challenges and Looking to the Future**

Road maintenance continues to be an issue. The Township is planning to provide drainage and reconstruct a one mile section of Goodwin Road. Other road projects include the repair of the Shotwell Bridge on David Highway for a cost share of approximately \$80,000, a safety project at the David Highway/Divine Road intersection and chip and seal, and a fog seal is planned for a section of Lyons Road and Maynard Road. The township is committing to split the cost of replacing cement around the PAMA building with Danby Township and the City of Portland. The Township has not set aside any funds for major road projects. However, the budget includes money for road repairs, both planned and unforeseen. If major projects occur, the Township will get the funding from the general reserves. The Goodwin Road bridge continues to be a source of frustration for residents as well as the township board as there are no funds or grants available to either replace or tear down the bridge. The township is planning on helping two or three sub-divisions by providing one-third the cost of road resurfacing. It is hoped that state funds will come to the township since it has increased census numbers and is located in the Urban Boundary Area that is eligible for road repair funds.

The Township participates with the city for recycling at a cost of \$220 a month, and this has been very well received by the Township residents. The cost is steadily increasing due to clean-up days, and having the site readily available to citizens. As a result, the township is monitoring monthly cost to possibly increase the amount budgeted for recycling. The collection of delinquent personal property tax continues to be a challenge.

The newly formed fire authority is in its second year of a three-year contract. In its budget for the next fiscal year, the Authority will be requesting more funding from each of the three entities to set aside funds for vehicle replacement and equipment costs. The contract for ambulance service to township residents has been reduced in cost while retaining the same services due to more townships participating in the same program.

Having a new township supervisor has brought new opportunities and challenges to the board while board members are getting to know one another and learn each person's work style. The township board continues to take a pro-active but conservative approach in managing their funds. This has allowed the township to provide needed services to its residents while keeping enough in reserve to meet unplanned emergencies.

**PORTLAND TOWNSHIP**  
**STATEMENT OF NET POSITION**  
**MARCH 31, 2014**

	<u>3/31/2014</u>	<u>3/31/2013</u>
<b>Assets</b>		
<b>Current assets:</b>		
Cash and deposits	\$ 149,123	\$ 92,882
Investments	1,145,336	1,038,926
Receivables		
Due from other funds	941	458
Due from other governments	8,711	8,973
Accounts receivable	6,444	5,783
Prepaid expenses	2,597	2,444
<b>Total current assets</b>	<u>1,313,152</u>	<u>1,149,466</u>
<b>Non-current assets:</b>		
Special assessments	16,928	27,987
Capital assets, net of accumulated depreciation	17,405	20,559
<b>Total non-current assets:</b>	<u>34,333</u>	<u>48,546</u>
<b>Total Assets</b>	<u>1,347,485</u>	<u>1,198,012</u>
<b>Liabilities</b>		
<b>Current liabilities:</b>		
Accounts payable	1,098	1,571
Due to other governments	3,001	3,094
<b>Total current liabilities:</b>	<u>4,099</u>	<u>4,665</u>
<b>Total Liabilities</b>	<u>4,099</u>	<u>4,665</u>
<b>Net Position</b>		
Invested in capital assets, net of related debt	17,405	20,559
Unrestricted	1,325,981	1,172,788
<b>Total net position</b>	<u><u>\$ 1,343,386</u></u>	<u><u>1,193,347</u></u>

The accompanying notes are an integral part of the financial statements.

**PORTLAND TOWNSHIP**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED MARCH 31, 2014**

Functions/ Programs	Expenses	Program Revenues	
		Charges for Services	Net (Expense) Revenues
Primary government			
Governmental activities:			
General government	\$ 114,981	\$ 9,075	\$ (105,906)
Legislative	13,367	-	(13,367)
Public safety	108,431	2,976	(105,455)
Public works	77,318	4,634	(72,684)
Recreation and culture	18,053	-	(18,053)
Planning and zoning	22,461	4,250	(18,211)
Total government activities	354,611	20,935	(333,676)
Total primary government	\$ 354,611	\$ 20,935	\$ (333,676)

**Changes in net assets**  
**Net (expense) revenue (333,676)**

General revenues:	
Property taxes	195,534
State revenue sharing	279,119
Investment earnings	7,532
Refunds & reimbursements	1,530
Total general revenues	483,715
<b>Change in net position</b>	<b>150,039</b>
Net position, beginning of year	1,193,347
<b>Net position, end of year</b>	<b>1,343,386</b>

The accompanying notes are an integral part of the financial statements.

**PORTLAND TOWNSHIP**  
**GOVERNMENTAL FUNDS – BALANCE SHEET**  
**MARCH 31, 2014**

<b>ASSETS</b>	<b>March 31, 2014</b>	<b>March 31, 2013</b>
Cash and deposits	\$ 149,123	\$ 92,882
Investments	1,145,336	1,038,926
Total cash and investments:	1,294,459	1,131,808
Receivables:		
Due from other governments	941	458
Due from other funds	8,711	8,973
Accounts receivable	6,444	5,783
Total receivables	16,096	15,214
<b>TOTAL ASSETS</b>	<b>1,310,555</b>	<b>1,147,022</b>
<b>LIABILITIES AND FUND BALANCE</b>		
LIABILITIES:		
Accounts payable	1,098	1,571
Due to other governments	3,001	3,094
TOTAL LIABILITIES	4,099	4,665
FUND BALANCE		
Unassigned	1,306,456	1,142,357
<b>TOTAL LIABILITIES AND FUND BALANCE</b>		
<b>BALANCE</b>	<b>\$ 1,310,555</b>	<b>1,147,022</b>

The accompanying notes are an integral part of the financial statements.

**PORTLAND TOWNSHIP**  
**GOVERNMENTAL FUNDS – BALANCE SHEET**  
**MARCH 31, 2014**

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**RECONCILIATION OF FUND BALANCE ON THE BALANCE SHEET FOR GOVERNMENTAL FUNDS  
TO NET ASSETS OF THE GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET ASSETS:**

<b>Fund balance – total government funds.....</b>	<b>\$ 1,306,456</b>
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Amounts reported for governmental activities in the statement of  
net position are different because:

Capital assets used in governmental activities are not current financial  
resources and therefore, are not reported in the funds.

Add capital assets.....	43,049
Deduction – accumulated depreciation.....	(25,644)

Special assessment receivable is not a current resource but is received over the life of the assessment.....	16,928
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Prepaid expenses are current expenses for governmental funds but are an asset in the statement of net assets.....	<u>2,597</u>
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<b>Net assets of governmental activities.....</b>	<b>\$ 1,343,386</b>
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The accompanying notes are an integral part of the financial statements.

**PORTLAND TOWNSHIP**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES – GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED MARCH 31, 2014**

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	<b>GENERAL FUND</b>
<b>REVENUES:</b>	
Property taxes	\$ 195,534
State revenue sharing	279,119
Charges for services	31,994
Interest	7,532
Refunds & reimbursements	<u>1,530</u>
<b>TOTAL REVENUES</b>	<b><u>515,709</u></b>
<b>EXPENDITURES:</b>	
General government	112,815
Legislative	13,330
Public safety	108,431
Public works	76,520
Community support	18,053
Planning and zoning	<u>22,461</u>
<b>TOTAL EXPENDITURES</b>	<b>351,610</b>
<b>REVENUES OVER EXPENDITURES</b>	<b><u>164,099</u></b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>164,099</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b><u>1,142,357</u></b>
<b>FUND BALANCE, END OF YEAR</b>	<b><u><u>\$ 1,306,456</u></u></b>

The accompanying notes are an integral part of the financial statements.



**PORTLAND TOWNSHIP**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES – GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED MARCH 31, 2014**

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**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENT FUNDS TO THE STATEMENT OF ACTIVITIES:**

<b>Net changes in fund balances -- total government funds.....</b>	<b>\$ 164,099</b>
Government funds expense capital outlays in the current year while the Statement of Activities allocates them over useful life:	
Add capital outlay.....	-
Deduct – depreciation expense.....	(3,154)
Special assessment principal payments are revenues for government funds while these payments reduce receivable for government activities.....	(11,059)
Prepaid expenses are current expenses for governmental activities but are an asset in the statement of activities:	<u>153</u>
<b>Change in net assets of governmental activities.....</b>	<b>\$ 150,039</b>

The accompanying notes are an integral part of the financial statements.

**PORTLAND TOWNSHIP**

**FIDUCIARY FUND**

**TAX AGENCY FUND**

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**STATEMENT OF NET POSITION**

**MARCH 31, 2014**

**Assets**

Cash in bank	\$	941
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<b>Total Assets</b>		941
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**Liabilities**

Due to other funds		941
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<b>Total Liabilities</b>	\$	941
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**STATEMENT OF RECEIPTS AND DISBURSEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2014**

**Receipts**

Tax Collections	\$	3,152,357
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Interest income		94
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Total cash receipts		3,152,451
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**Disbursements**

Payments to the township		174,822
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Payments to other governments		2,977,041
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Bank fees and charges		105
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Total cash disbursements		3,151,968
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<b>Total receipts over (under) disbursements</b>		483
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Cash balance at the beginning of the year		458
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<b>Cash balance at the end of the year</b>	\$	941
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The accompanying notes are an integral part of the financial statements.

**PORTLAND TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2014**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Portland Township was organized on March 6, 1838, under the applicable laws of the State of Michigan. The Township is governed by a Board of Trustees which consists of Supervisor, Clerk, Treasurer, and two Trustees, and provides the following services: public safety (fire, ambulance), road maintenance, public improvements, general administrative services, community support, and planning and zoning.

The financial statements of the Township have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Township's accounting policies are described below:

**The Reporting Entity**

As required by generally accepted accounting principles, these financial statements present a financial report on all funds of Portland Township.

**Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Portland Township has no business-type activities or funds.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for government funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

**PORTLAND TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2014**

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**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Agency funds follow the accrual basis of accounting and they do not follow a measurement focus because they do not report the results of operations (assets equal liabilities). Revenues are recorded when earned and expenses are recorded when liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year in which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available to finance expenditures in the current period. Property taxes, intergovernmental revenue, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the Township. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Grant revenues are considered to be available when all eligibility requirements imposed by the provider have been met. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service and compensated absences expenditures are recorded only when payment is due.

**Fund Accounting**

The accounts of the Township are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity or net assets, revenues, and expenditures or expenses, as appropriate.

Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

**PORTLAND TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2014**

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The Township reports the following major government funds:

**General Fund** – This fund is the Township’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Additionally, the Township reports the following fiduciary fund types:

**Tax Agency Fund** – This fund is used to account for property tax collections from real and personal property owners in Portland Township, and the fund’s disbursements to the applicable government entities and agencies.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance in the Statement of Net Assets and the Statement of Activities.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**Budgets and Budgetary Accounting**

Annual budgets are adopted for the general fund on a basis consistent with generally accepted accounting principles (GAAP). The Township follows these procedures in establishing the budgetary data which is reflected in the financial statements:

1. The budgets are generated with input from the township supervisor, clerk, treasurer, and township trustees.
2. Public hearings are conducted to obtain taxpayer comments and recommendations. The operating budgets include proposed expenditures and the means of financing them.
3. The budget is legally enacted through the passage of a resolution.
4. Formal budgetary integration is employed as a management control device during the year for all budgeted funds.

**PORTLAND TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2014**

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5. Budget appropriations lapse at fiscal year-end.
6. Adoption and amendments of all budgets used by the Township are governed by Public Act 621. Expenditures may not exceed appropriations at the functional level for all funds (the legal level of budgetary control). The appropriations resolutions are based on the projected expenditure budgets by function. Any amendment to the original budget must meet the requirements of Public Act 621. Any revisions that alter the total expenditures of any department must be approved by the Township Board.
7. Budgeted amounts are as originally adopted, or as amended by the Township Board.
8. Encumbrance accounting is not utilized.

**Investments**

Investments are stated at fair value.

**Restricted Assets**

Certain proceeds may be set-aside or restricted for the repayment of debt obligations, a planned capital project, or for any other special purpose. Portland Township has no restrictions on its net assets.

**Due To and Due From Other Funds**

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

**Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the governmental funds in the government-wide financial statements. The Township does not currently own infrastructure (roads, tunnels, bridges, etc.) Capital assets are defined by the government as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of one year. Such assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

**PORTLAND TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2014**

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Depreciation on the capital assets of the primary government is computed using the straight-line method over the following estimated useful lives:

	Depreciable <u>Life-Years</u>
Furniture and equipment.....	5 – 15
Machinery and equipment.....	5 – 20
Road projects.....	20

**Property Taxes**

Property taxes for the Township are attached as an enforceable lien on property as of December 1 of each year. The December 1 levy is recorded as revenue during the current fiscal year, and is intended to fund expenditures of the current year. Taxes are levied December 1 and are due without penalty on or before February 14. These winter tax bills include the Township's own property taxes and taxes billed on behalf of the school districts and other entities in Ionia County; summer taxes are collected for the school districts and the County of Ionia. Real property taxes not collected are returned to the County for collection, which advances the Township 100% for the delinquent taxes for real property. Collection of delinquent personal property taxes remains the responsibility of the Township Treasurer.

**Fund Equity**

In the fund statements, governmental funds report restrictions of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent restricted net assets equal to restricted assets less related liabilities. The general fund of Portland Township has no restrictions, commitments, or assignments of its \$1,306,456 governmental funds equity.

**Risk Management**

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended March 31, 2014, the Township was covered by the Municipal League's Liability and Property Pool. The insurance limitations are: Liability, \$1,000,000; Wrongful acts, \$1,000,000; Clerk and Treasurer bonds, \$100,000; Electronic Data Processing equipment, \$25,000; and Building Contents, \$7,500. The Township also carries a worker's compensation insurance package with the *Accident Fund* which insures up to \$100,000 for each accident and \$500,000 for each disease.

**PORTLAND TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2014**

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**2. CASH AND DEPOSITS AND INVESTMENTS**

The cash and deposits, investments and restricted assets for the Township and its fiduciary fund are as follows:

Deposits:	Governmental Funds	Tax Agency Fund	Total
Cash and deposits	\$ 149,123	\$ 941	\$ 150,064
Investments	1,145,336	-	1,145,336
<b>TOTAL</b>	<b>\$ 1,294,459</b>	<b>\$ 941</b>	<b>\$1,295,400</b>

The carrying amount of the Township's deposits at March 31, 2014, is \$1,295,400. All of these deposits are insured by the Federal Deposit Insurance Corporation, which insures a depositor's accounts up to \$250,000 for each financial institution. The Township makes a strong effort to have all deposits insured by the FDIC or NCUA. As of March 31, 2014, only \$233,900 of the total deposits of \$1,295,400 were uninsured. In accordance with the State of Michigan policy limits, these deposits are all deposited in Michigan banks or Credit Unions. All accounts are in the name of the Township and a specific fund or common account. They are recorded in the Township records at fair value.

**Statutory Authority**

State statutes authorize the Township to invest in:

1. Bond securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
2. Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.
3. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services that matures not more than 270 days after date of purchase.
4. Obligations of the State of Michigan or its political subdivisions that, at the time of purchase, are rated as investment grade by at least one standard rating service.



**PORTLAND TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2014**

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5. Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
6. External investment pools as authorized by Public Act 20 as amended through December 21, 1997.

Township investments are categorized to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered, or for which the securities are held by the Township or its agent in the Township's name. Category 2 includes uninsured and unregistered investments for which securities are held by the counterparty's trust department or agent in the Township's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the Township's name. Investments held by the Township are reported at fair value.

All deposit accounts of Portland Township are in Category 1, registered and insured, and are listed as follows:

<u>Depository</u>	<u>Account</u>	<u>Amount @ 03/31/14</u>
General Fund:		
Huntington Bank	Checking account	\$ 149,123
Independent Bank	Savings account	16,211
Huntington Bank	Money Market	118,241
PFCU	Savings account	202
PFCU	Money Market	76,061
PFCU	Certificates of deposit	194,081
Independent Bank	Certificates of deposit	252,260
Union Bank	Certificate of deposit	193,419
Huntington Bank	Certificate of deposit	175,982
Fifth Third Bank	Savings account	118,879
Tax Agency Fund:		
Huntington Bank	Checking account	<u>941</u>
<b>TOTAL DEPOSITED FUNDS</b>		<b><u>\$ 1,295,400</u></b>

**PORTLAND TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2014**

**3. CAPITAL ASSETS**

	Balance April 1, 2013	Additions	Disposals	Balance March 31, 2014
Capital assets being depreciated:				
Clerk's equipment	\$ 3,690	\$ -	\$ -	\$ 3,690
Treasurer's equipment	4,173	-	-	4,173
Road projects	15,967		-	15,967
Elections equipment	13,864	-	-	13,864
Assessing software	4,080	-	-	4,080
Other equipment	<u>1,275</u>	<u>-</u>	<u>-</u>	<u>1,275</u>
	43,049	-	-	43,049
Less accumulated depreciation:				
Clerk's equipment	3,468	147	-	3,615
Treasurer's equipment	3,711	184	-	3,895
Road projects	1,197	798	-	1,995
Elections equipment	9,439	1,345	-	10,784
Assessing software	3,400	680	-	4,080
Other equipment	<u>1,275</u>	<u>-</u>	<u>-</u>	<u>1,275</u>
	22,490	3,154	-	25,644
Total Capital Assets	<u>\$ 20,559</u>			<u>\$ 17,405</u>

**PORTLAND TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2014**

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Depreciation expense was charged to functions/programs of the general government as follows:

Clerk .....	\$	147
Treasurer.....		184
Elections.....		1,345
Assessing software.....		680
Road projects.....		<u>798</u>
Total depreciation.....	\$	<u>3,154</u>

#### **4. CONTRIBUTORY PENSION PLAN**

Portland Township contributes to the group pension plan through John Hancock Life Insurance Company. The eligible participants are the elected officials of the township board. The Township contributes \$10% of each board member's compensation unless a board member(s) declines coverage.

No contributions are made by the participants. During the year ended March 31, 2014, the Township made contributions of \$5,818.

#### **5. LITIGATION**

In the normal course of its activities, the Township has become a party in various legal actions, including property tax assessment appeals. Management of the Township is of the opinion that the outcome of such actions will not have a material effect on the financial position of the Township and, therefore, has not reflected loss reserves in the financial statements.

#### **6. DUE FROM (TO) OTHER FUND**

Amount due from (to) other funds representing inter-fund receivable and payable balances at March 31, 2014, are detailed as follows:

	<u>Due from</u>	<u>Due to</u>
General Fund	-	941
Tax Agency Fund	941	-

"Due to" and "Due from" balances represent amounts in the tax agency fund which may be transferred into the general fund.

**PORTLAND TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2014**

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**7. ESCROW ACCOUNTS**

From time to time, the Township establishes escrow accounts for persons and businesses who are seeking approval for various projects including housing and business building developments. As of March 31, 2014, one escrow account was active and had a balance of \$798.

**8. SPECIAL ASSESSMENT DISTRICT**

The Township established a special assessment district for residents living along Chinook Lane. The purpose of the district was to re-surface Chinook Lane and bill the residents two-thirds of the cost while the Township paid the remaining one-third. The re-surfacing project was completed in February 2012 at a total cost of \$47,900.40. The Chinook Lane residents may pay their assessments in full or pay over a 10-year period at 4% interest. During the fiscal year ended March 31, 2014, Chinook Lane residents reduced their balance from \$27,987 to \$16,928.

## **Required Supplementary Information**

## **GENERAL FUND**

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The General Fund is used to account for government resources that are not required legally or by sound financial management to be recorded in another fund. Revenues in this fund are derived primarily from general property taxes, fees for services, interest, state shared revenues, grants, and intergovernmental revenues. General operating expenditures of the Township are accounted for in this fund, including Township Administration, Public Safety, Public Works, and Planning and Zoning.

The legal level of budgetary control of the General Fund is at the activity level, as reflected on the following Schedule of Revenue, Expenditures and Changes in Fund Balance – Budget and Actual.

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**PORTLAND TOWNSHIP**

**GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**

**FUND BALANCE – BUDGET AND ACTUAL**

**FOR THE YEAR ENDED MARCH 31, 2014**

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>POSITIVE</u> <u>(NEGATIVE)</u>
REVENUES:				
PROPERTY TAXES				
Current property taxes	\$ 99,000	\$ 99,000	\$ 101,925	\$ 2,925
Current road taxes	47,000	47,000	51,723	4,723
Delinquent taxes	10,000	10,000	5,316	(4,684)
Mobile home park unit fees	6,000	6,000	1,107	(4,893)
Tax administration fees	<u>29,000</u>	<u>29,000</u>	<u>35,463</u>	<u>6,463</u>
TOTAL PROPERTY TAXES	<u>191,000</u>	<u>191,000</u>	<u>195,534</u>	<u>4,534</u>
STATE SOURCES				
Revenue sharing	270,000	270,000	279,119	9,119
CHARGES FOR SERVICES				
Telecommunications fee	-	-	4,634	4,634
Cable franchise fees	6,000	6,000	9,075	3,075
Fines and liquor fees	1,100	1,100	976	(124)
Road projects	3,500	3,500	11,059	7,559
Planning and zoning fees	2,000	2,000	4,250	2,250
Fire reimbursement fees	<u>4,100</u>	<u>4,100</u>	<u>2,000</u>	<u>(2,100)</u>
				-
TOTAL CHARGES FOR SERVICES	<u>16,700</u>	<u>16,700</u>	<u>31,994</u>	<u>15,294</u>
INVESTMENT EARNINGS				
Interest on deposits	<u>1,000</u>	<u>1,000</u>	<u>7,532</u>	<u>6,532</u>
OTHER REVENUES	<u>600</u>	<u>600</u>	<u>1,530</u>	<u>930</u>
TOTAL REVENUES	<u>\$ 479,300</u>	<u>\$ 479,300</u>	<u>\$ 515,709</u>	<u>\$ 36,409</u>

**PORTLAND TOWNSHIP**

**GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**

**FUND BALANCE – BUDGET AND ACTUAL**

**FOR THE YEAR ENDED MARCH 31, 2014**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>POSITIVE</u> <u>(NEGATIVE)</u>
EXPENDITURES				
LEGISLATIVE				
Township board	\$ 120,500	\$ 120,500	\$ 13,330	107,170
GENERAL GOVERNMENT				
Supervisor	14,400	14,400	13,867	533
Elections	3,000	3,000	1,227	1,773
Assessor	21,000	21,000	19,536	1,464
Clerk	22,000	22,000	19,361	2,639
Board of review	1,700	1,700	630	1,070
Treasurer	27,100	27,100	24,692	2,408
Townhall	2,800	2,800	1,701	1,099
Insurance	5,000	5,000	4,200	800
Pension plan	7,000	7,000	5,818	1,182
Employment taxes	5,000	5,000	4,729	271
PAMA	5,000	5,000	2,345	2,655
Accounting and legal	22,600	22,600	14,709	7,891
Total general government	136,600	136,600	112,815	23,785
PUBLIC SAFETY				
Fire department	120,000	120,000	83,627	36,373
Ambulance	40,000	40,000	23,828	16,172
Liquor inspections	1,200	1,200	976	224
Total public safety	161,200	161,200	108,431	52,769
PUBLIC WORKS				
Road work	400,000	400,000	75,673	324,327
Drains	1,000	1,000	847	153
Total public works	401,000	401,000	76,520	324,480



**PORTLAND TOWNSHIP**

**GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**

**FUND BALANCE – BUDGET AND ACTUAL**

**FOR THE YEAR ENDED MARCH 31, 2014**

	BUDGETED AMOUNTS			VARIANCE
	ORIGINAL	FINAL	ACTUAL	POSITIVE (NEGATIVE)
EXPENDITURES				
PLANNING AND ZONING				
Zoning Administrator	15,000	20,000	19,054	946
Planning Commission	2,500	2,500	2,647	(147)
Zoning Board of Appeals	500	760	760	-
Total planning and zoning	18,000	23,260	22,461	799
COMMUNITY SUPPORT				
Recycling program	6,000	7,600	7,553	47
Recreation program	8,000	8,000	8,000	-
Portland Area Senior Group	2,500	2,500	2,500	-
Total community support	16,500	18,100	18,053	47
TOTAL EXPENDITURES	853,800	860,660	351,610	509,050
REVENUE OVER (UNDER) EXPENDITURES	(374,500)	(381,360)	164,099	545,459
NET CHANGE IN FUND BALANCE	(374,500)	(381,360)	164,099	545,459
FUND BALANCE, BEGINNING OF YEAR	1,142,357	1,142,357	1,142,357	-
FUND BALANCE, END OF YEAR	\$ 767,857	\$ 760,997	\$ 1,306,456	-

**PORTLAND TOWNSHIP**  
**TAX AGENCY FUND**  
**FOR THE YEAR ENDED MARCH 31, 2014**

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**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS**

<b>Balance, March 31, 2013</b>	<b>\$</b>	<b>458</b>
<u>Receipts</u>		
Property tax collections		3,152,357
Interest earned		94
Total Receipts		<u>3,152,451</u>
<u>Disbursements</u>		
Ionia County		686,373
State of Michigan		615,380
Portland District Library		65,143
Pewamo-Westphalia Schools		57,336
Ionia Public Schools		571
Portland Public Schools		1,059,389
Ionia County Intermediate Schools		466,489
Clinton Intermediate Schools		26,360
Portland Townships general fund		174,822
Bank fees and charges		105
Total Disbursements		<u>3,151,968</u>
<b>Balance, March 31, 2014</b>	<b>\$</b>	<b><u>941</u></b>

**LAWRENCE TIEJEMA, PC**  
**Certified Public Accountant**

21 N. Bridge Street  
PO Box 10  
Saranac, MI 48881

P 616-642-0384  
F 616-642-0610  
[tiej@sbcglobal.net](mailto:tiej@sbcglobal.net)

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

June 24, 2014

The Township Board  
Portland Township  
Ionia County, Michigan

We have audited the financial statements of the governmental activities and the aggregate remaining fund information of the Township of Portland, State of Michigan, as of and for the year ended March 31, 2014, which collectively comprise Portland Township's basic financial statements and have issued a report thereon dated June 24, 2014. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Portland Township's control over financial reporting as basis for designing our auditing procedures for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Portland Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we did note one significant deficiency that is described in the attached schedule as 2014-1.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Portland Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

#### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Larry Tiejema, CPA

Lawrence Tiejema, PC.

June 24, 2014

## **SCHEDULE OF SIGNIFICANT DEFICIENCIES IN INTERNAL CONTROL**

### **PORTLAND TOWNSHIP – YEAR ENDED MARCH 31, 2014**

**2014-1:** Township accounting personnel do not prepare the accruing entries necessary for preparation of the government-wide financial statements. They rely on the auditor to make all of these adjustments.

**Township Response:**

**A township official reviews and approves the changes made by the auditor. The Township accepts the low-risk that the auditor may have prepared financial statements that do not faithfully represent the financial position of Portland Township.**

